

**UNIFIED SCHOOL DISTRICT NO. 348**

**Baldwin City, Kansas**

**Financial Statements**

**For the Year Ended June 30, 2015**

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UNIFIED SCHOOL DISTRICT NO. 348  
Baldwin City, Kansas  
Financial Statements  
For the Year Ended June 30, 2015

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Financial Statements  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Unified School District No. 348  
Baldwin City, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 348, Baldwin City, Kansas, as of and for the year ended June 30, 2015, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 348, Baldwin City, Kansas, as of June 30, 2015, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

#### *Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District, as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

#### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of regulatory basis receipts and disbursements-agency funds, and the schedule of regulatory receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with "Government Auditing Standards," we have also issued our report dated December 9, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the District's internal control over financial reporting and compliance.

#### *Other Matter*

The 2014 Actual column presented in the individual fund financial schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated December 10, 2014. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link: <http://da.ks.gov/ar/muniserv>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The 2014 comparative information was subjected to auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statements or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly presented in all material respects in relation to the 2014 basic financial statements as a whole, on the basis of accounting described in Note 1.

*Mize Houser & Company PA*

Certified Public Accountants  
Lawrence, Kansas

December 9, 2015

UNIFIED SCHOOL DISTRICT NO. 348  
Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2015

<u>Funds</u>	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled Encumbrances	<u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash <u>Balance</u>	Add Outstanding Encumbrances and Accounts Payable	Ending Cash <u>Balance</u>
General Funds:							
General	\$ -	\$ -	\$ 8,487,621	\$ 8,487,621	\$ -	\$ 96,431	\$ 96,431
Supplemental General	189,159	-	2,672,938	2,824,943	37,154	-	37,154
Special Purpose Funds:							
At risk (4 Year Old)	-	-	69,268	69,268	-	-	-
At risk (K-12)	9,920	-	440,826	421,154	29,592	-	29,592
Bilingual education	-	-	6,298	6,298	-	-	-
Virtual education	-	-	8,089	4,000	4,089	-	4,089
Capital outlay	468,049	-	1,552,261	1,419,077	601,233	378,560	979,793
Driver training	15,570	-	12,185	13,098	14,657	-	14,657
Food service	196,210	-	580,433	598,060	178,583	-	178,583
Parent education program	-	-	139,397	139,397	-	-	-
Special education	226,506	-	2,135,250	2,138,102	223,654	-	223,654
Vocational education	15,989	-	280,737	279,565	17,161	-	17,161
KPERS special retirement contribution	-	-	657,549	657,549	-	-	-
Contingency reserve	642,711	-	100,000	77,034	665,677	-	665,677
Textbook and student material revolving	154,797	-	128,123	116,959	165,961	17,125	183,086
State and local	13,485	-	51,877	58,424	6,938	-	6,938
Federal grants	[3,096]	-	263,591	260,495	-	-	-
Gate receipts	4,967	-	90,835	89,764	6,038	-	6,038
School projects	32,071	-	304,006	303,787	32,290	-	32,290
Bond and Interest Fund:							
Bond and Interest	3,107,417	-	12,451,625	12,214,444	3,344,598	-	3,344,598
Capital Project Fund:							
New Construction	-	-	-	-	-	-	-
Total	<u>\$ 5,073,755</u>	<u>\$ -</u>	<u>\$ 30,432,909</u>	<u>\$ 30,179,039</u>	<u>\$ 5,327,625</u>	<u>\$ 492,116</u>	<u>\$ 5,819,741</u>

Composition of Cash:  
Kansas State Bank  
Checking Accounts

\$ 5,897,870

Total Cash 5,897,870

Less: Agency Funds per Schedule 3 [78,129]

Total Reporting Entity (excluding Agency Funds) \$ 5,819,741

UNIFIED SCHOOL DISTRICT NO. 348  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 348 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements present the primary government financial statements and do not include all the entities for which the District is considered to be financially accountable, as required by generally accepted accounting principles. A primary government is a legal entity or public politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as related municipal entities. The Recreation Commission financial data is not included as a related municipal entity in these financial statements.

Recreation Commission is a joint recreation system established by the District and the City of Baldwin, Kansas, in accordance with K.S.A. 12-1925. The Commission oversees recreational activities. The tax funds for the operation of the Commission are levied by the District and are remitted to the Commission by the District. Bond issues for the Commission must be approved by the District. The Commission can sue and be sued. The acquisition of real property by the Commission must be approved by the District. The Commission as a related municipal entity is not included in these financial statements. A separate audited financial statement of the Recreation Commission can be obtained from the Recreation Commission.

The Foundation is a not for profit corporation formed under the laws of the State of Kansas. The entity benefits the District's students by raising funds to be used for the student's benefit. The Foundation as a related municipal entity is not included in these financial statements.

Reimbursed Expenses

Expenditures in the amount of \$212,369 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable has having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting involves the recognition of cash, cash equivalents, and marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis for accounting.



UNIFIED SCHOOL DISTRICT NO. 348  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2015:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Projects Fund - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Fiduciary Fund - used to report assets held in a trust for others and which therefore cannot be sued to support the government's own programs (i.e. permanent trust funds, etc.).

Agency Fund - used to report assets held by a municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, student organization fund, etc.).

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute) and bond and interest fund. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2014-15 budget was not amended.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

UNIFIED SCHOOL DISTRICT NO. 348  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which regulatory basis receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, agency funds and the following special purpose funds: Textbook & Student Material Revolving, State and Local Funds, Contingency Reserve, Gate Receipts, and School Projects.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

NOTE 2 – Deposits and Investments

*Deposits.* K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

*Investments.* K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. As of June 30, 2015, the District held no such investments.

*Concentration of credit risk.* State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2015.

At June 30, 2015, the District's carrying amount of deposits was \$5,897,870 and the bank balance was \$6,415,205. The bank balance was held by one bank in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance of \$6,165,205 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

UNIFIED SCHOOL DISTRICT NO. 348  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 2 – Deposits and Investments (Continued)

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

*Substance receipt in transit.* The District received \$420,841 in general state aid and \$48,896 in supplemental general state aid subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

NOTE 3 - Long-Term Debt

Following is a detailed listing of the District's long-term obligations:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Current Balance Outstanding</u>	<u>Date of Final Maturity</u>
General Obligation Bonds					
Series 2008A	3.50 to 5.25%	12/15/08	\$ 10,000,000	\$ 2,375,000	09/01/29
Series 2009A	1.75 to 4.00%	12/15/09	12,900,000	5,615,000	09/01/30
Series 2010	2.00 to 3.00%	08/23/10	7,925,000	6,080,000	09/01/18
Series 2012	2.00 to 3.00%	12/27/12	7,560,000	7,560,000	09/01/29
Series 2015	3.00 to 4.00%	04/09/15	8,585,000	8,685,000	09/01/30
			<u>\$ 46,970,000</u>	<u>\$ 30,315,000</u>	

The District is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14% of the assessed valuation. The District requested and received approval under K.S.A. 75-2315 which allows the issuance of bonded debt in excess of the general bond debt limitation. The ratio of net bonded debt to the assessed valuation as of June 30, 2015, was 40%.

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid</u>
General Obligation Bonds					
Series 2008A	\$ 3,775,000	\$ -	\$ [1,400,000]	\$ 2,375,000	\$ 165,788
Series 2009A	12,800,000	-	[7,185,000]	5,615,000	542,460
Series 2010	7,320,000	-	[1,240,000]	6,080,000	194,800
Series 2012	7,560,000	-	-	7,560,000	194,544
Series 2015	-	8,685,000	-	8,685,000	-
Capital Lease					
Apple iPads	185,959	-	[92,036]	93,923	3,812
Energy Improvements	-	313,320	-	313,320	-
	<u>\$ 31,640,959</u>	<u>\$ 8,998,320</u>	<u>\$ [9,917,036]</u>	<u>\$ 30,722,243</u>	<u>\$ 1,101,403</u>

UNIFIED SCHOOL DISTRICT NO. 348  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 3 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 1,715,000	\$ 959,196	\$ 2,674,196
2017	2,020,000	936,001	2,956,001
2018	2,240,000	870,020	3,110,020
2019	2,475,000	795,970	3,270,970
2020	1,540,000	728,333	2,268,333
2021-2025	8,650,000	2,700,428	11,350,428
2026-2030	10,225,000	1,145,622	11,370,622
2031	<u>1,450,000</u>	<u>29,000</u>	<u>1,479,000</u>
Total	<u>\$ 30,315,000</u>	<u>\$ 8,164,570</u>	<u>\$ 38,479,570</u>

The District issued Series 2015 general obligation refunding bonds with an interest rate of 3.00% to 4.00% and a final maturity of September 1, 2030 in the amount of \$8,685,000 on April 9, 2015, to partially refund Series 2008A and Series 2009A bonds. The net proceeds were used to establish an escrow account invested in U.S. Government Securities to pay the outstanding principal of the Series 2008A and Series 2009A general obligation bonds and the interest due on the refunding general obligation bonds. As a result, this portion of the Series 2008A and Series 2009A bonds were considered to be defeased and the liability of the defeased bonds has been removed from the District's financial statements. The transaction resulted in an economic gain of \$815,341 and a reduction of \$514,847 in future debt payments.

At June 30, 2015, the remaining principal balance of outstanding debt issues previously defeased is \$14,345,000. The principal and interest payments for these bonds will be paid by the trustee for the related escrow securities on the scheduled payment dates. This amount is not recorded in these financial statements.

NOTE 4 – Lease

On May 20, 2013, the District entered into a lease purchase agreement for iPads in the amount of \$277,920 at an interest rate of 2.05% over a 3 year term.

On August 18, 2014, the District entered into a lease purchase agreement for energy capital improvements at various District buildings in the amount of \$313,320 at an interest rate of 2.75% over a 5 year term.

As of June 30, 2015, total future minimum lease payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 153,238	\$ 10,542	\$ 163,779
2017	60,927	7,004	67,931
2018	62,622	5,310	67,931
2019	64,344	3,588	67,931
2020	<u>66,113</u>	<u>1,818</u>	<u>67,931</u>
Total	<u>\$ 407,243</u>	<u>\$ 28,261</u>	<u>\$ 435,504</u>

UNIFIED SCHOOL DISTRICT NO. 348  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 5 - Interfund Transactions

Transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Special Education	K.S.A. 72-6428	\$ 1,330,316
General	At-Risk (K-12)	K.S.A. 72-6428	440,826
General	At-Risk (4 Year Old)	K.S.A. 72-6428	69,268
General	Vocational Education	K.S.A. 72-6428	262,101
General	Virtual Education	K.S.A. 72-6428	8,089
General	Bilingual Education	K.S.A. 72-6428	6,298
General	Textbook & Student Material Revolving	K.S.A. 72-6428	54,000
General	Capital Outlay	K.S.A. 72-6428	140,240
General	Contingency Reserve	K.S.A. 72-6428	100,000
Supplemental General	Special Education	K.S.A. 72-6433	724,446
Supplemental General	Parent Education Program	K.S.A. 72-6433	54,914
			<u>\$ 3,190,498</u>

NOTE 6 - Defined Benefit Pension Plan

*Plan Description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share.

*Net Pension Liability - District.* The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014, the net pension liability for KPERS was \$8,291,749,910. KPERS has determined the District's proportionate share of the net pension liability is \$9,971,121 as of June 30, 2014. The complete actuarial valuation report, including all actuarial assumptions and methods, is publically available at [www.kpers.org](http://www.kpers.org) or can be obtained as described in the paragraph above.

NOTE 7 - Compensated Absences

*Classified.* Twelve-month and ten-month employees hired prior to July 1, 2014 receive 16 and 14 discretionary days, respectively. Twelve-month and ten-month employees hired after July 1, 2014 receive 12 and 10 discretionary days, respectively. Any unused days shall convert to sick days and will be added to the employee's accumulated sick leave, up to a maximum of 65 days. Leave accrued after the 65 day maximum will be reimbursed at a rate of \$20 per day at year end. Employees who have 15 years of service and retire or resign will be reimbursed \$15 per day for all unused accumulated sick leave and employees who have 10 years of service and retire or resign will be reimbursed \$10 per day for all unused accumulated sick leave.

UNIFIED SCHOOL DISTRICT NO. 348  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 7 - Compensated Absences (Continued)

A sick leave pool is available for employees to participate on at their discretion. A maximum of 15 days may be awarded from the sick leave pool to those members who have applied and are eligible. Twelve-month employees are eligible for vacation leave after completion of one year of continuous employment.

Vacation time allowed is based upon years of service. Vacation days must be taken by October 31, following the fiscal year in which the days were earned. Vacation days shall not be cumulative or reimbursable. However, after five years of service, employees may carry five vacation days over to the next fiscal year.

Certified. Each certified staff member shall be allowed 12 discretionary days per school year. Any unused days at the end of the school year shall become sick days and be added to the employee's accumulated sick leave. Sick leave can accrue to a maximum of 65 days. Teachers will be reimbursed at a rate equal to 60% of the daily substitute pay for sick leave accrued after the 65-day maximum.

A sick leave pool is available for all certified teaching staff members to participate in.

The liability for compensated absences as of June 30, 2015, was \$68,221.

NOTE 8 - Termination Benefits

The District provides an early retirement incentive plan for eligible employees.

Classified. Eligible employees are staff who are currently employed full time, have served a minimum of ten years of service in the District, have been enrolled in the district insurance for one year, and are retiring under KPERS (85 points or minimum age requirement). The plan provides \$300 a month benefit per employee, payable for five consecutive years after retirement or, until the calendar year the employee reaches 65 years of age. The remaining balance of the monthly premium is the responsibility of the employee which is to be paid to the District the first of each month.

Certified. Eligible employees are staff who have served a minimum of ten years of service in the District, and are eligible to retire under KPERS (85 points or minimum age requirement). The plan provides annual installments of \$8,000 with a maximum of five annual installments. The plan is an unfunded, noncontributory, defined benefit plan. The cost of the plan for the year ended June 30, 2015, was \$114,000.

The outstanding liability for the retirees who have accepted this offer is as shown below.

Year Ended <u>June 30,</u>	Outstanding <u>Liability</u>
2016	\$ 90,000
2017	62,000
2018	62,000
2019	46,000
2020	<u>6,000</u>
Total	<u>\$ 266,000</u>

UNIFIED SCHOOL DISTRICT NO. 348  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

NOTE 9 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 10 – Flexible Benefit Plan (I.R.C. Section 125)

The Board adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All employees of the District are eligible to participate in the Plan beginning the first day of the month following thirty days of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Currently, all benefits offered through the Plan involve insurance coverage.

NOTE 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 - Contingency

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2015.

NOTE 13 – Related Party Transaction

A Board of Education member is a vice president at a banking institution that holds a portion of the District's cash deposits and is the lessor of one of the District's capital leases.

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UNIFIED SCHOOL DISTRICT NO. 348  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
(Budgeted Funds Only)  
For the Year Ended June 30, 2015

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over [Under]</u>
General Funds:						
General	\$ 8,437,806	\$ [162,554]	\$ 212,369	\$ 8,487,621	\$ 8,487,621	\$ -
Supplemental General	2,875,613	[50,670]	-	2,824,943	2,824,943	-
Special Revenue Funds:						
At risk (4 Year Old)	73,826	-	-	73,826	69,268	4,558
At risk (K-12)	522,310	-	-	522,310	421,154	101,156
Bilingual education	12,000	-	-	12,000	6,298	5,702
Virtual education	16,948	-	-	16,948	4,000	12,948
Capital outlay	1,239,448	-	313,320	1,552,768	1,419,077	133,691
Driver training	16,600	-	-	16,600	13,098	3,502
Food service	663,480	-	-	663,480	598,060	65,420
Parent education program	139,397	-	-	139,397	139,397	-
Special education	2,255,603	-	-	2,255,603	2,138,102	117,501
Vocational education	279,707	-	-	279,707	279,565	142
KPERS special retirement contribution	833,439	-	-	833,439	657,549	175,890
Federal grants	239,279	-	-	239,279	260,495	[21,216]
Bond and Interest Fund						
Bond and interest	2,619,092	-	9,595,853	12,214,945	12,214,444	501

SCHEDULE 2-1

UNIFIED SCHOOL DISTRICT NO. 348  
General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 1,356,958	\$ -	\$ -	\$ -
Delinquent tax	49,245	-	-	-
State aid:				
Equalization aid	5,543,893	6,946,165	7,043,089	[96,924]
Special education aid	1,346,892	1,329,087	1,394,717	[65,630]
Miscellaneous revenues	161,723	-	-	-
Reimbursed expenses	153,302	212,369	-	212,369
Total Receipts	<u>8,612,013</u>	<u>8,487,621</u>	<u>\$ 8,437,806</u>	<u>\$ 49,815</u>
Expenditures				
Instruction	2,585,559	2,498,122	\$ 2,437,932	\$ [60,190]
Student support services	235,775	206,839	236,314	29,475
Instructional support staff	303,133	278,568	278,860	292
General administration	224,897	229,642	241,392	11,750
School administration	796,204	782,870	793,651	10,781
Central services	-	-	275,422	275,422
Operations and maintenance	1,394,203	1,326,578	1,397,646	71,068
Transportation	489,442	453,413	525,490	72,077
Other supplemental services	293,782	300,451	-	[300,451]
Transfer out	2,289,018	2,411,138	2,251,099	[160,039]
Adjustment to comply with legal max budget	-	-	[162,554]	[162,554]
Adjustment for qualifying budget credits	-	-	212,369	212,369
Total Expenditures	<u>8,612,013</u>	<u>8,487,621</u>	<u>\$ 8,487,621</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 348  
Supplemental General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 1,514,565	\$ 1,110,957	\$ 1,170,399	\$ [59,442]
Delinquent tax	21,707	21,378	23,400	[2,022]
Motor vehicle tax	185,131	189,481	169,954	19,527
Recreational vehicle tax	2,273	3,217	2,819	398
Rent excise tax	909	90	-	90
State aid:				
Equalization aid	<u>1,082,260</u>	<u>1,347,815</u>	<u>1,491,293</u>	<u>[143,478]</u>
Total Receipts	<u>2,806,845</u>	<u>2,672,938</u>	<u>\$ 2,857,865</u>	<u>\$ [184,927]</u>
Expenditures				
Instruction	2,018,234	2,006,285	\$ 1,993,253	\$ [13,032]
General administration	10,984	10,984	11,000	16
Operations and maintenance	26,922	28,314	27,000	[1,314]
Transfer out	754,914	779,360	844,360	65,000
Adjustment to comply with legal max budget	<u>-</u>	<u>-</u>	<u>[50,670]</u>	<u>[50,670]</u>
Total Expenditures	<u>2,811,054</u>	<u>2,824,943</u>	<u>\$ 2,824,943</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[4,209]	[152,005]		
Unencumbered Cash, Beginning	<u>193,368</u>	<u>189,159</u>		
Unencumbered Cash, Ending	<u>\$ 189,159</u>	<u>\$ 37,154</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-3

UNIFIED SCHOOL DISTRICT NO. 348  
At Risk (4 Year Old) Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Transfer in	\$ 81,532	\$ 69,268	\$ 73,826	\$ [4,558]
Total Receipts	<u>81,532</u>	<u>69,268</u>	<u>\$ 73,826</u>	<u>\$ [4,558]</u>
Expenditures				
Instruction	77,570	61,984	\$ 63,892	\$ 1,908
School administration	3,962	4,080	3,934	[146]
Food service	-	3,204	6,000	2,796
Total Expenditures	<u>81,532</u>	<u>69,268</u>	<u>\$ 73,826</u>	<u>\$ 4,558</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 348  
 At Risk (K-12) Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfer in	\$ 480,167	\$ 440,826	\$ 512,390	\$ [71,564]
Total Receipts	<u>480,167</u>	<u>440,826</u>	<u>\$ 512,390</u>	<u>\$ [71,564]</u>
Expenditures				
Instruction	438,049	372,749	\$ 477,496	\$ 104,747
Student support services	<u>46,049</u>	<u>48,405</u>	<u>44,814</u>	<u>[3,591]</u>
Total Expenditures	<u>484,098</u>	<u>421,154</u>	<u>\$ 522,310</u>	<u>\$ 101,156</u>
Receipts Over [Under] Expenditures	[3,931]	19,672		
Unencumbered Cash, Beginning	<u>13,851</u>	<u>9,920</u>		
Unencumbered Cash, Ending	<u>\$ 9,920</u>	<u>\$ 29,592</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-5

UNIFIED SCHOOL DISTRICT NO. 348  
Bilingual Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Transfer in	\$ 8,445	\$ 6,298	\$ 12,000	\$ [5,702]
Total Receipts	<u>8,445</u>	<u>6,298</u>	<u>\$ 12,000</u>	<u>\$ [5,702]</u>
Expenditures				
Instruction	<u>8,445</u>	<u>6,298</u>	<u>\$ 12,000</u>	<u>\$ 5,702</u>
Total Expenditures	<u>8,445</u>	<u>6,298</u>	<u>\$ 12,000</u>	<u>\$ 5,702</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 348  
 Virtual Education Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Transfer in	\$ 4,975	\$ 8,089	\$ 16,948	\$ [8,859]
Total Receipts	<u>4,975</u>	<u>8,089</u>	<u>\$ 16,948</u>	<u>\$ [8,859]</u>
Expenditures				
Instruction	<u>4,975</u>	<u>4,000</u>	<u>\$ 16,948</u>	<u>\$ 12,948</u>
Total Expenditures	<u>4,975</u>	<u>4,000</u>	<u>\$ 16,948</u>	<u>\$ 12,948</u>
Receipts Over [Under] Expenditures	-	4,089		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 4,089</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-7

UNIFIED SCHOOL DISTRICT NO. 348  
Capital Outlay Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 518,817	\$ 593,653	\$ 558,419	\$ 35,234
Delinquent tax	11,805	6,436	8,015	[1,579]
Motor vehicle tax	47,629	64,969	58,313	6,656
Recreational vehicle	529	1,104	967	137
Rent excise tax	312	41	-	41
Lease proceeds	-	313,320	-	313,320
State aid	-	121,985	213,487	[91,502]
Investment income	811	680	2,000	[1,320]
Miscellaneous	103,843	309,833	20,000	289,833
Transfers in	-	140,240	-	140,240
Total Receipts	<u>683,746</u>	<u>1,552,261</u>	<u>\$ 861,201</u>	<u>\$ 691,060</u>
Expenditures				
Instruction	299,079	318,052	\$ 394,448	\$ 76,396
Operations and maintenance	23,534	9,799	10,000	201
Transportation	202,477	194,890	185,000	[9,890]
Facility acquisition and repair	184,757	896,337	650,000	[246,337]
Adjustment for qualifying budget credits	-	-	313,320	313,320
Total Expenditures	<u>709,847</u>	<u>1,419,077</u>	<u>\$ 1,552,768</u>	<u>\$ 133,691</u>
Receipts Over [Under] Expenditures	[26,101]	133,184		
Unencumbered Cash, Beginning	<u>494,150</u>	<u>468,049</u>		
Unencumbered Cash, Ending	<u>\$ 468,049</u>	<u>\$ 601,233</u>		

See independent auditor's report on the financial statements.



UNIFIED SCHOOL DISTRICT NO. 348  
 Driver Training Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 5,695	\$ 4,185	\$ 3,825	\$ 360
Charges for services	<u>7,081</u>	<u>8,000</u>	<u>10,000</u>	<u>[2,000]</u>
Total Receipts	<u>12,776</u>	<u>12,185</u>	<u>\$ 13,825</u>	<u>\$ [1,640]</u>
Expenditures				
Instruction	16,314	11,704	\$ 14,400	\$ 2,696
Vehicle operating and maintenance services	<u>1,754</u>	<u>1,394</u>	<u>2,200</u>	<u>806</u>
Total Expenditures	<u>18,068</u>	<u>13,098</u>	<u>\$ 16,600</u>	<u>\$ 3,502</u>
Receipts Over [Under] Expenditures	[5,292]	[913]		
Unencumbered Cash, Beginning	<u>20,862</u>	<u>15,570</u>		
Unencumbered Cash, Ending	<u>\$ 15,570</u>	<u>\$ 14,657</u>		

See independent auditor's report on the financial statements.

## SCHEDULE 2-9

UNIFIED SCHOOL DISTRICT NO. 348  
Food Service Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Federal aid	\$ 259,303	\$ 261,322	\$ 294,550	\$ [33,228]
State aid	5,734	5,621	7,440	[1,819]
Charges for services	314,310	296,983	328,489	[31,506]
Miscellaneous	9,408	12,489	8,000	4,489
Investment income	312	359	2,000	[1,641]
Reimbursements	-	3,659	-	3,659
Total Receipts	<u>589,067</u>	<u>580,433</u>	<u>\$ 640,479</u>	<u>\$ [60,046]</u>
Expenditures				
Food service	<u>613,525</u>	<u>598,060</u>	<u>\$ 663,480</u>	<u>\$ 65,420</u>
Total Expenditures	<u>613,525</u>	<u>598,060</u>	<u>\$ 663,480</u>	<u>\$ 65,420</u>
Receipts Over [Under] Expenditures	[24,458]	[17,627]		
Unencumbered Cash, Beginning	<u>220,668</u>	<u>196,210</u>		
Unencumbered Cash, Ending	<u>\$ 196,210</u>	<u>\$ 178,583</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 348  
 Parent Education Program Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 84,483	\$ 84,483	\$ 84,483	\$ -
Transfer in	54,914	54,914	54,914	-
Total Receipts	<u>139,397</u>	<u>139,397</u>	<u>\$ 139,397</u>	<u>\$ -</u>
Expenditures				
Student support services	116,907	116,780	\$ 139,397	\$ 22,617
School administration	22,139	22,617	-	[22,617]
Other supplemental services	351	-	-	-
Total Expenditures	<u>139,397</u>	<u>139,397</u>	<u>\$ 139,397</u>	<u>\$ -</u>
Receipts [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

## SCHEDULE 2-11

UNIFIED SCHOOL DISTRICT NO. 348  
Special Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
State aid	\$ 49,280	\$ 36,411	\$ 60,000	\$ [23,589]
Investment income	2,326	3,174	2,000	1,174
Miscellaneous revenues	38,640	40,903	30,000	10,903
Transfer in	<u>2,072,186</u>	<u>2,054,762</u>	<u>2,184,163</u>	<u>[129,401]</u>
Total Receipts	<u>2,162,432</u>	<u>2,135,250</u>	<u>\$ 2,276,163</u>	<u>\$ [140,913]</u>
Expenditures				
Instruction	1,982,745	2,010,184	\$ 2,131,853	\$ 121,669
Student support services	121,735	54,679	53,850	[829]
Vehicle operating services	<u>61,137</u>	<u>73,239</u>	<u>69,900</u>	<u>[3,339]</u>
Total Expenditures	<u>2,165,617</u>	<u>2,138,102</u>	<u>\$ 2,255,603</u>	<u>\$ 117,501</u>
Receipts Over [Under] Expenditures	[3,185]	[2,852]		
Unencumbered Cash, Beginning	<u>229,691</u>	<u>226,506</u>		
Unencumbered Cash, Ending	<u>\$ 226,506</u>	<u>\$ 223,654</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 348  
Vocational Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Charges for services	\$ 4,329	\$ 1,935	\$ 2,000	\$ [65]
State aid	10,623	11,481	18,000	[6,519]
Reimbursed expenses	-	5,220	2,500	2,720
Transfer in	262,328	262,101	241,218	20,883
Total Receipts	<u>277,280</u>	<u>280,737</u>	<u>\$ 263,718</u>	<u>\$ 17,019</u>
Expenditures				
Instruction	249,283	261,665	\$ 263,552	\$ 1,887
Student support services	539	145	-	[145]
Transportation	11,469	17,755	16,155	[1,600]
Total Expenditures	<u>261,291</u>	<u>279,565</u>	<u>\$ 279,707</u>	<u>\$ 142</u>
Receipts Over [Under] Expenditures	15,989	1,172		
Unencumbered Cash, Beginning	<u>-</u>	<u>15,989</u>		
Unencumbered Cash, Ending	<u>\$ 15,989</u>	<u>\$ 17,161</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 348  
 KPERS Special Retirement Contribution Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2015  
 (With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 694,532	\$ 657,549	\$ 833,439	\$ [175,890]
Total Receipts	<u>694,532</u>	<u>657,549</u>	<u>\$ 833,439</u>	<u>\$ [175,890]</u>
Expenditures				
Instruction	436,096	423,987	\$ 534,397	\$ 110,410
Student support services	43,269	34,061	43,184	9,123
Instructional support	23,058	17,359	26,510	9,151
General administration	16,183	15,715	20,003	4,288
School administration	64,453	59,903	75,674	15,771
Other supplemental services	39,102	36,100	25,907	[10,193]
Operations and maintenance	28,198	30,182	44,585	14,403
Transportation	21,392	19,792	38,198	18,406
Food service	22,781	20,450	24,981	4,531
Total Expenditures	<u>694,532</u>	<u>657,549</u>	<u>\$ 833,439</u>	<u>\$ 175,890</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 348  
 Contingency Reserve Fund \*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ -	\$ 100,000
Total Receipts	<u>-</u>	<u>100,000</u>
Expenditures		
Instruction	<u>47,289</u>	<u>77,034</u>
Total Expenditures	<u>47,289</u>	<u>77,034</u>
Receipts Over [Under] Expenditures	[47,289]	22,966
Unencumbered Cash, Beginning	<u>690,000</u>	<u>642,711</u>
Unencumbered Cash, Ending	<u>\$ 642,711</u>	<u>\$ 665,677</u>

\* This fund is not required to be budgeted.

SCHEDULE 2-15

UNIFIED SCHOOL DISTRICT NO. 348  
Textbook & Student Material Revolving Fund \*  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 80,824	\$ 74,123
Transfers in	<u>79,386</u>	<u>54,000</u>
Total Receipts	<u>160,210</u>	<u>128,123</u>
Expenditures		
Instruction	<u>164,763</u>	<u>116,959</u>
Total Expenditures	<u>164,763</u>	<u>116,959</u>
Receipts Over [Under] Expenditures	[4,553]	11,164
Unencumbered Cash, Beginning	<u>159,350</u>	<u>154,797</u>
Unencumbered Cash, Ending	<u>\$ 154,797</u>	<u>\$ 165,961</u>

\* This fund is not required to be budgeted.



UNIFIED SCHOOL DISTRICT NO. 348  
 State and Local Funds \*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended June 30, 2015

	Pre K Pilot Grant	Other Grants	Total
Receipts			
State aid	\$ 39,130	\$ -	\$ 39,130
Local aid	-	8,449	8,449
Miscellaneous	-	4,298	4,298
Total Receipts	<u>39,130</u>	<u>12,747</u>	<u>51,877</u>
Expenditures			
Instruction	<u>39,130</u>	<u>19,294</u>	<u>58,424</u>
Total Expenditures	<u>39,130</u>	<u>19,294</u>	<u>58,424</u>
Receipts Over [Under] Expenditures	-	[6,547]	[6,547]
Unencumbered Cash, Beginning	<u>-</u>	<u>13,485</u>	<u>13,485</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 6,938</u>	<u>\$ 6,938</u>

\* These funds are not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 348  
Federal Grants Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

	Title I	Title II-A	Safe & Prepared	Actual	Budget	Variance Over [Under]
Receipts						
Federal aid	\$ 154,580	\$ 18,227	\$ 90,784	\$ 263,591	\$ 242,375	\$ 21,216
Total Receipts	<u>154,580</u>	<u>18,227</u>	<u>90,784</u>	<u>\$ 263,591</u>	<u>\$ 242,375</u>	<u>\$ 21,216</u>
Expenditures						
Instruction	<u>154,580</u>	<u>18,227</u>	<u>87,688</u>	<u>\$ 260,495</u>	<u>\$ 239,279</u>	<u>\$ [21,216]</u>
Total Expenditures	<u>154,580</u>	<u>18,227</u>	<u>87,688</u>	<u>\$ 260,495</u>	<u>\$ 239,279</u>	<u>\$ [21,216]</u>
Receipts Over [Under] Expenditures	-	-	3,096	3,096		
Unencumbered Cash, Beginning	-	-	[3,096]	[3,096]		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT NO. 348  
Bond and Interest Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015  
(With Comparative Actual Amounts from the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 1,593,435	\$ 1,709,777	\$ 1,608,635	\$ 101,142
Delinquent tax	39,840	22,733	24,616	[1,883]
Motor vehicle tax	183,124	199,732	179,131	20,601
Recreational vehicle tax	2,206	3,393	2,972	421
Rental excise tax	958	122	-	122
State aid	728,263	916,157	916,157	-
Bond proceeds	-	9,595,853	-	9,595,853
Miscellaneous	8,068	-	-	-
Investment income	2,950	3,858	-	3,858
Transfer in	66,898	-	-	-
Total Receipts	<u>2,625,742</u>	<u>12,451,625</u>	<u>\$ 2,731,511</u>	<u>\$ 9,720,114</u>
Expenditures				
Principal	1,045,000	9,978,148	\$ 1,520,000	\$ [8,458,148]
Interest	1,161,585	2,236,296	1,097,592	[1,138,704]
Bond issuance costs	-	-	1,500	1,500
Adjustment for qualifying budget credits	-	-	9,595,853	9,595,853
Total Expenditures	<u>2,206,585</u>	<u>12,214,444</u>	<u>\$ 12,214,945</u>	<u>\$ 501</u>
Receipts Over [Under] Expenditures	419,157	237,181		
Unencumbered Cash, Beginning	<u>2,688,260</u>	<u>3,107,417</u>		
Unencumbered Cash, Ending	<u>\$ 3,107,417</u>	<u>\$ 3,344,598</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 348  
 New Construction Fund \*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Interest on idle funds	\$ 769	\$ -
Total Receipts	<u>769</u>	<u>-</u>
Expenditures		
Facilities acquisition and construction	37,554	-
Transfer out	<u>66,898</u>	<u>-</u>
Total Expenditures	<u>104,452</u>	<u>-</u>
Receipts Over [Under] Expenditures	[103,683]	-
Unencumbered Cash, Beginning	<u>103,683</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

\* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 348  
Agency Funds  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended June 30, 2015

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
<b>STUDENT ORGANIZATIONS</b>				
Baldwin Elementary Intermediate Center				
Enrollment	\$ -	\$ 3,849	\$ 3,849	\$ -
Student council	<u>972</u>	<u>183</u>	<u>634</u>	<u>521</u>
Subtotal Baldwin Elementary Intermediate Center Student Organization Funds	<u>972</u>	<u>4,032</u>	<u>4,483</u>	<u>521</u>
Baldwin Elementary Primary Center				
All day kindergarten fees	-	38,970	38,970	-
Student council	<u>1,642</u>	<u>574</u>	<u>326</u>	<u>1,890</u>
Subtotal Baldwin Elementary Primary Center Student Organization Funds	<u>1,642</u>	<u>39,544</u>	<u>39,296</u>	<u>1,890</u>
Total Elementary School Student Organization Funds	<u>2,614</u>	<u>43,576</u>	<u>43,779</u>	<u>2,411</u>
<b>JUNIOR HIGH SCHOOL</b>				
Baldwin Junior High School				
Band	723	4,096	3,811	1,008
Basketball	4,167	1,895	1,260	4,802
Enrollment	-	10,426	10,426	-
Student store	709	1,537	1,320	926
Cheerleaders	18	1,879	1,597	300
Chorus	7	1,490	1,386	111
Football	1,527	2,827	1,537	2,817
Stuco	4,071	2,515	4,304	2,282
Track	46	50	29	67
Volleyball	98	957	907	148
Yearbook	<u>1,209</u>	<u>3,365</u>	<u>3,869</u>	<u>705</u>
Total Baldwin Junior High Student Organization Funds	<u>12,575</u>	<u>31,037</u>	<u>30,446</u>	<u>13,166</u>
Total Junior High School Student Organization Funds	<u>12,575</u>	<u>31,037</u>	<u>30,446</u>	<u>13,166</u>

UNIFIED SCHOOL DISTRICT NO. 348  
Agency Funds  
Summary of Receipts and Disbursements (Continued)  
Regulatory Basis  
For the Year Ended June 30, 2015

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
STUDENT ORGANIZATIONS - CONTINUED				
HIGH SCHOOL				
Baldwin High School				
Art Club	\$ 1,766	\$ 1,677	\$ 1,212	\$ 2,231
Animal club	1,366	19,185	19,757	794
Band	349	1,637	1,187	799
Baseball	3,210	6,120	7,911	1,419
Boys Basketball	2,467	6,840	5,996	3,311
Boys Soccer	1,273	1,459	715	2,017
Cheerleaders	3,865	25,269	19,542	9,592
Class of '15	2,775	1,811	1,829	2,757
Class of '16	1,693	4,130	4,410	1,413
Class of '17	1,162	766	1,508	420
Class of '18	-	1,273	-	1,273
Community Service Club	32	243	181	94
Concessions	4,084	12,202	11,256	5,030
Cross Country	2,021	3,138	2,994	2,165
Debate	41	230	110	161
FACS	3,705	541	601	3,645
FBLA	1,658	2,459	3,341	776
FCCLA	1,202	811	243	1,770
Football	353	9,894	9,284	963
Forensics	3,005	802	912	2,895
Girls Basketball	1,465	4,988	6,448	5
Girls Soccer	-	3,957	2,573	1,384
Golf	215	-	-	215
International Club	524	-	306	218
Lettermen Club	590	372	724	238
Link	129	-	-	129
Mardi Gras Game Day	310	2,147	2,268	189
National Honor Society	422	579	654	347
Patriots Club	773	99	188	684
Pom Squad	590	287	250	627
Scholar's Bowl	53	542	169	426
Softball	1,309	1,647	1,261	1,695
Spanish Trip	-	836	28	808
Stuco Heart Awareness	855	67	-	922
Student Council	5,372	3,849	6,094	3,127
Tennis	572	1,569	898	1,243
Track	744	2,524	2,914	354
Training Aide	55	-	-	55
Volleyball	495	7,046	5,967	1,574
Wrestling	1,478	12,617	12,618	1,477
Total Baldwin High School Student Organization Funds	<u>51,978</u>	<u>143,613</u>	<u>136,349</u>	<u>59,242</u>
Total High School Student Organization Funds	<u>51,978</u>	<u>143,613</u>	<u>136,349</u>	<u>59,242</u>
Recreation Commission				
General	-	338,985	338,985	-
Employee Benefit and Special Liability	-	85,793	85,793	-
Total Recreation Commission	<u>-</u>	<u>424,778</u>	<u>424,778</u>	<u>-</u>
Payroll Clearing Fund	<u>2,191</u>	<u>3,310</u>	<u>2,191</u>	<u>3,310</u>
Total Agency Funds	<u>\$ 69,358</u>	<u>\$ 646,314</u>	<u>\$ 637,543</u>	<u>\$ 78,129</u>

UNIFIED SCHOOL DISTRICT NO. 348  
District Activity Funds  
Schedule of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2015

<u>FUND</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balances</u>	<u>Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
<b>GATE RECEIPTS</b>							
Baldwin High School							
Athletics	\$ 43	\$ -	\$ 72,182	\$ 72,225	\$ -	\$ -	\$ -
Musical	4,924	-	5,975	4,861	6,038	-	6,038
Baldwin Junior High School							
Athletics	-	-	12,678	12,678	-	-	-
Subtotal gate receipts	<u>4,967</u>	<u>-</u>	<u>90,835</u>	<u>89,764</u>	<u>6,038</u>	<u>-</u>	<u>6,038</u>
<b>SCHOOL PROJECTS</b>							
Baldwin Elementary Intermediate Center							
Petty Cash	-	-	950	950	-	-	-
Building	1,997	-	10,529	10,970	1,556	-	1,556
Food Service	-	-	27,816	27,816	-	-	-
Classroom Support	1,827	-	4,888	5,200	1,515	-	1,515
Character council	15	-	-	-	15	-	15
Garden	20	-	-	-	20	-	20
PE	163	-	4,464	4,179	448	-	448
Student Emergency	368	-	-	127	241	-	241
Yearbook	1,800	-	2,338	2,153	1,985	-	1,985
MARS	1,074	-	462	348	1,188	-	1,188
Music	185	-	1,177	1,362	-	-	-
Transportation	-	-	425	425	-	-	-
Library	<u>258</u>	<u>-</u>	<u>35</u>	<u>133</u>	<u>160</u>	<u>-</u>	<u>160</u>
Subtotal Baldwin Elementary Intermediate Center	<u>7,707</u>	<u>-</u>	<u>53,084</u>	<u>53,663</u>	<u>7,128</u>	<u>-</u>	<u>7,128</u>
Baldwin Elementary Primary Center							
Classroom Support	2,569	-	5,317	3,728	4,158	-	4,158
Family Aide	57	-	-	-	57	-	57
Field Trips	-	-	2,415	2,202	213	-	213
Food Service	-	-	25,776	25,776	-	-	-
Library	738	-	115	-	853	-	853
Locus	-	-	15,463	15,463	-	-	-
Petty Cash	-	-	850	850	-	-	-
Social Worker Family Support	673	-	-	3	670	-	670
Time 4 Kids	1,548	-	917	2,377	88	-	88
Transportation	-	-	100	100	-	-	-
Textbook	-	-	999	999	-	-	-
Yearbook	<u>7,470</u>	<u>-</u>	<u>3,260</u>	<u>2,790</u>	<u>7,940</u>	<u>-</u>	<u>7,940</u>
Subtotal Baldwin Elementary Primary Center	<u>13,055</u>	<u>-</u>	<u>55,212</u>	<u>54,288</u>	<u>13,979</u>	<u>-</u>	<u>13,979</u>

UNIFIED SCHOOL DISTRICT NO. 348  
District Activity Funds  
Schedule of Receipts, Expenditures and Unencumbered Cash (Continued)  
Regulatory Basis  
For the Year Ended June 30, 2015

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>SCHOOL PROJECTS - CONTINUED</b>							
Baldwin Junior High School							
Administration	\$ -	\$ -	\$ 522	\$ -	\$ 522	\$ -	\$ 522
Building	513	-	1,946	2,459	-	-	-
Book rental	-	-	1,155	1,155	-	-	-
Building Concession	216	-	3,181	3,181	216	-	216
Bulldog Club	95	-	805	671	229	-	229
Food Service	-	-	50,802	50,802	-	-	-
Kansas sales tax	-	-	1,362	1,362	-	-	-
Petty Cash	-	-	1,450	1,450	-	-	-
Library	290	-	8	10	288	-	288
Transportation	-	-	600	600	-	-	-
User fees	-	-	3,570	3,570	-	-	-
Student	-	-	4,062	4,062	-	-	-
Total Baldwin Junior High School	<u>1,114</u>	<u>-</u>	<u>69,463</u>	<u>69,322</u>	<u>1,255</u>	<u>-</u>	<u>1,255</u>
 Baldwin High School							
Administration	3,591	-	4,501	4,823	3,269	-	3,269
Academic Night	141	-	-	-	141	-	141
AP Testing	-	-	909	909	-	-	-
Driver Ed	-	-	9,100	9,100	-	-	-
Field Trips	98	-	-	-	98	-	98
France Trip	1,054	-	-	433	621	-	621
iPad	-	-	1,948	1,948	-	-	-
Library Aide	72	-	-	45	27	-	27
Lunch	-	-	74,956	74,956	-	-	-
Parking Permit	-	-	30	30	-	-	-
Petty Cash	-	-	1,500	1,500	-	-	-
Sales Tax	-	-	7,373	7,373	-	-	-
School Store	1,468	-	-	171	1,297	-	1,297
Woodshop	-	-	1,163	919	244	-	244
Staff Concessions	-	-	-	-	-	-	-
Testing	1,146	-	850	505	1,491	-	1,491
Textbook	-	-	360	360	-	-	-
User Fee	-	-	3,880	3,880	-	-	-
Video Yearbook	314	-	-	-	314	-	314
Vocal music	2,139	-	2,813	3,212	1,740	-	1,740
Yearbook	172	-	16,864	16,350	686	-	686
Total Baldwin High School	<u>10,195</u>	<u>-</u>	<u>126,247</u>	<u>126,514</u>	<u>9,928</u>	<u>-</u>	<u>9,928</u>
 Subtotal school projects	<u>32,071</u>	<u>-</u>	<u>304,006</u>	<u>303,787</u>	<u>32,290</u>	<u>-</u>	<u>32,290</u>
 Total district activity funds	<u>\$ 37,038</u>	<u>\$ -</u>	<u>\$394,841</u>	<u>\$ 393,551</u>	<u>\$ 38,328</u>	<u>\$ -</u>	<u>\$ 38,328</u>



UNIFIED SCHOOL DISTRICT NO. 365  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
U.S. Department of Education					
Passed through Kansas					
Department of Education (KSDE):					
Title I	84.010	\$ -	\$ 154,580	\$ 154,580	\$ -
Safe & Drug Free Schools & Communities	84.184	[3,096]	90,784	87,688	-
Homeless Child	84.196	-	1,000	1,000	-
Title II-A Teacher Quality	84.367	-	18,227	18,227	-
Total U.S. Department of Education					
Passed Through KSDE		[3,096]	264,591	261,495	-
U.S. Department of Agriculture					
Passed through Kansas					
Department of Education (KSDE):					
School Breakfast	10.553	-	48,289	48,289	-
National School Lunch Program	10.555	-	213,033	213,033	-
Total U.S. Department of Agriculture					
Passed Through KSDE		-	261,322	261,322	-
U.S. Department of Health & Human Services					
Passed through Kansas					
Department of Education (KSDE):					
Youth Risk Behavior Survey	93.079	-	100	100	-
Total U.S. Department of Health & Human Services					
Passed Through KSDE		-	100	100	-
Total		\$ [3,096]	\$ 526,013	\$ 522,917	\$ -

UNIFIED SCHOOL DISTRICT NO. 348  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 348. All expenditures of federal financial assistance received directly from federal agencies, if any as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 348  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified (Regulatory Basis)	<u>Adverse (GAAP)</u>
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Type of auditor's report issued on compliance for major programs:	_____ Unmodified _____	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No

Identification of major programs:

CFDA Number(s)

10.553 and 10.555  
84.196

Name of Federal Program or Cluster

Child Nutrition Cluster  
Education for Homeless Children and Youths

Dollar threshold used to distinguish between type A and type B programs:	_____ \$300,000 _____
Auditee qualified as low-risk auditee?	_____ Yes _____ <u>X</u> No

UNIFIED SCHOOL DISTRICT NO. 348  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

Current Year Findings

None Noted

Prior Year Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Board of Education  
Unified School District No. 348  
Baldwin City, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting, the financial statements of the Unified School District No. 348, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 9, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain other matters that we reported to management of the District in a separate letter dated December 9, 2015.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mike Houser: Company PA*

Certified Public Accountants  
Lawrence, Kansas

December 9, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education  
Unified School District No. 348  
Baldwin City, Kansas

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the Unified School District No. 348, (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Kansas Municipal Audit and Accounting Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

#### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mike Houser: Company PA*

Certified Public Accountants  
Lawrence, Kansas

December 9, 2015